



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

November 13, 1989

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director, Mining *L.P.B.*

FROM: D. Wayne Hedberg, Permit Supervisor/Hydrologist *DWH*

RE: Board Directive Request, Failure to Provide Reclamation Surety, Yellow Hammer Mine, American Consolidated Mining Company, M/045/019, Tooele County, Utah

The Division requests a directive from the Board, regarding American Consolidated Mining Company's (ACMC) failure to provide the Division with a reclamation surety for the existing Yellow Hammer Mine in Tooele County, Utah. Attached for your reference, is a location map, and a summary of the permitting chronology (with attached exhibits).

During the October 26, 1989 Board Hearing, counsel for the Division requested a continuance on this matter, based upon ACMC's request for consideration of a \$40,000 promissory note, as a form of reclamation surety for the Yellow Hammer mine. The operator's request has been investigated and it has been determined that this form of surety is not acceptable. The Division therefore recommends that the Board unequivocally reject ACMC's proposed form of surety.

On June 14, 1988, the Division issued tentative approval for this existing operation. The mine has apparently been inactive since late 1986. The Division calculated a \$16,000 reclamation estimate for this minesite. After repeated requests, ACMC has failed to post the required reclamation surety for this property.

The Division recommends that the Board direct ACMC to immediately post the required reclamation surety, or commence immediate reclamation of the Yellow Hammer minesite.

Thank you for your time and consideration of this request for a Board directive.

DWH/jb
Attachments
MN2/68

DOGM MINERALS PROGRAM

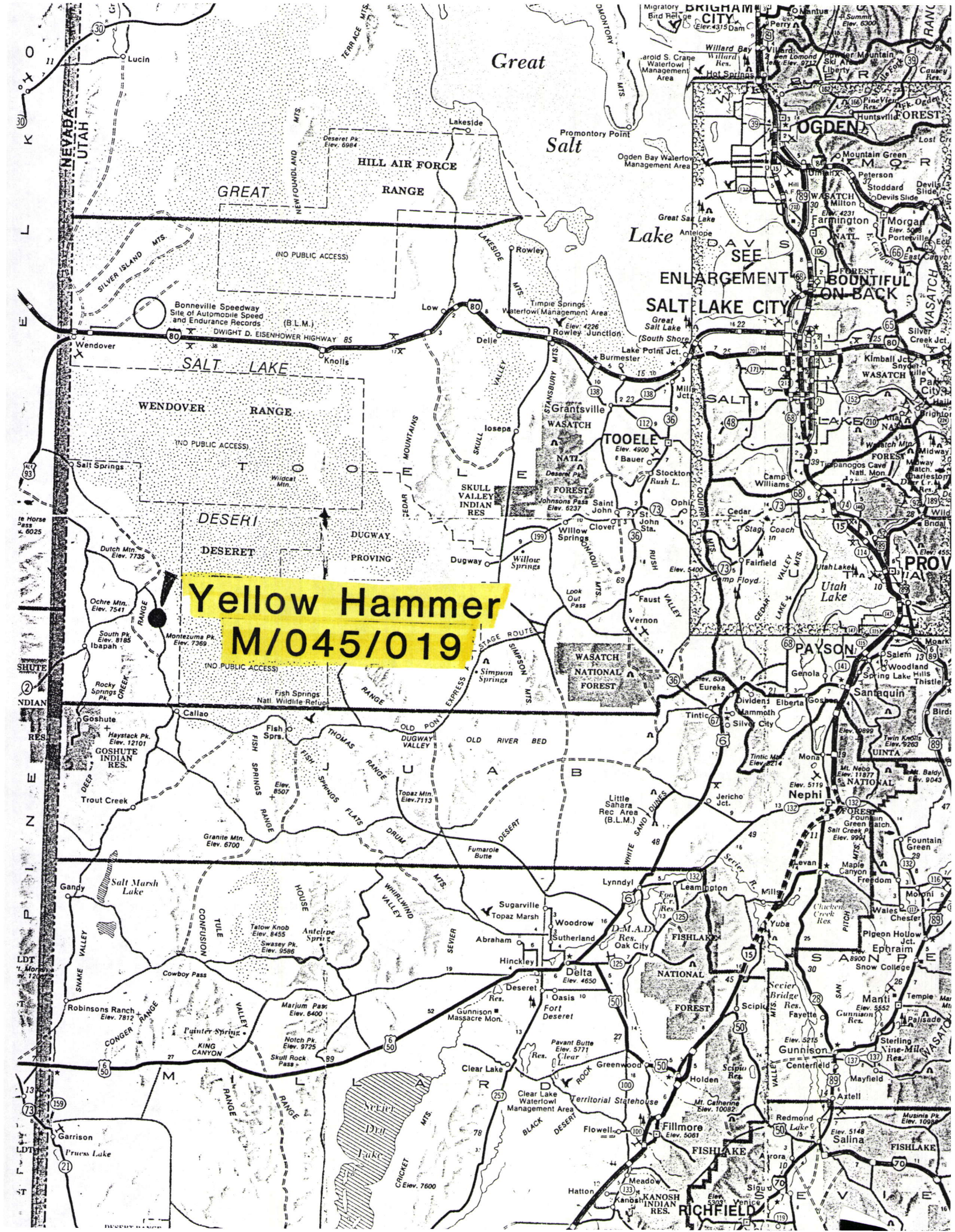
CHECK LIST FOR BOARD APPROVAL
OF
FORM AND AMOUNT OF SURETY

Mine Name Yellow Hammer Mine

File No. M/045/019

| Item | Provided | | Remarks |
|---|----------|----|---------|
| | Yes | No | |
| Executive Summary | | | |
| Location Map | X | | |
| Reclamation Bond Estimate | | | |
| Signed Reclamation Contract | | | |
| Signed Power of Attorney/ Affidavit of Qualification | | | |
| Bond/Reclamation Surety | | | |
| Surety Signoff (Other State/Federal Agencies) | | | |
| Permitting Summary | X | | |
| Attached Exhibits | X | | |
| | | | |
| | | | |
| | | | |
| | | | |

Yellow Hammer
M/045/019



AMERICAN CONSOLIDATED MINING COMPANY, INC.
YELLOW HAMMER, PERMITTING CHRONOLOGY
M/045/019

October 17, 1989

EXHIBIT
RECEIVED
NOV 13 1989

DIVISION OF
OIL, GAS & MINING

| | |
|--------------------|--|
| June 14, 1983 | Original Form MR-1, NOI received by DOGM. (Included existing Gold Hill mill site and the Yellow Hammer Mine site). |
| June 17, 1983 | A 2-acre Declaration of Exemption (DOE) received by DOGM for Yellow Hammer mine site. |
| August 5, 1983 | DOGM forwards technical review of original NOI to American Consolidated Mining Company, Inc. (plan is deficient). |
| November 8, 1983 | DOGM letter to operator requesting an expeditious response to August 5th deficiency review. Also reminded American Consolidated Mining Company, Inc (ACMC) that they must mine in accordance w/DOE restrictions. |
| July 30, 1984 | Follow-up letter from ACMC to July 26, 1984 DOGM field inspection. Confirm plans to implement smaller scale test heap leach. Will prepare and submit an application (NOI) for an expanded large scale open pit operation within 2 weeks. |
| August 2, 1984 | DOGM inspection memo to file indicating ACMC changing original NOI development plans to implement a 3000-5000 ton test heap leach on the DOE site. |
| September 4, 1984 | DOGM receives copy of Health Department, BWPC August 31, 1984 conditionally approved construction permit for the small scale Clifton Cyanide Heap Leach test facility. |
| December 13, 1984 | DOGM inspection memo. Follow-up to public complaint (Cecil Woodman) concerning ACMC's new "unpermitted" heap leaching operation near Clifton, Utah. Inspection confirmed small cyanide heap leaching facility under operation at Clifton on properties held by ACMC. Not on the Yellow Hammer mine site DOE. *Apparently the cyanide heap leach was approved by BWPC for a one year period. Yellow Hammer site also visited. Little or no recent activity noted. Still under two acres of surface disturbance. |
| September 16, 1985 | DOGM inspection memo to file concerning Sept. 6th visit to ACMC's Gold Hill Mill site. Site nonactive, poorly |

maintained, rundown condition, erosion and runoff concerns evident, unlined heap leach solution ponds noted, etc. Possible potentially hazardous chemical contamination evident. Recommend hydrologist inspection to confirm.

- November 7, 1985 DOGM inspection memo based upon September 24, 1985 field visit by DOGM hydrologist. Gold Hill mill site, Yellow Hammer mine site, and Clifton heap leach site were inspected. Active mining operations at Yellow Hammer. Estimate of 3 1/2 - 4 acres disturbance. Ore being mined, crushed and hauled to the Victoria mill site in Nevada. Clifton heap leach site not presently active. All facilities still present at this site.
- July 28, 1986 Memo to DOGM management regarding results of a July 17, 1986 field inspection and correspondence file summary. All previously mentioned sites inspected. Yellow Hammer mine now estimated at @ 10 acres, mining equipment present, but inactive at time of inspection. Gold Hill mill site remains unchanged since last field inspection. Clifton heap leach site apparently abandoned, facilities starting to show signs of physical deterioration. Notify State Health of onsite conditions.
- August 22, 1986 DOGM receives copy of State Health Department, August 15, 1986 letter to ACMC requiring operator to clean up, neutralize and reclaim the Clifton Cyanide Heap Leach Test Operation. Given 30 days to perform necessary actions. August 29, 1986 deadline given to provide a written response to the State Health Department regarding same.
- October 20, 1986 DOGM certified letter to ACMC regarding need to permit all operations in Clifton/Gold Hill area. Request response and completed forms within 30 days (November 21, 1986).
- January 5, 1987 DOGM letter to ACMC transmitting Annual Report Form and request to submit proper permit applications for Yellow Hammer and Clifton Heap Leach site. Advised that failure to submit same will result in issuance of a Show Cause Order to appear before the Board of Oil, Gas and Mining.

November 20, 1987 Meeting between DOGM and ACMC to discuss DOGM's changes in statute, current regulations and permitting requirements for ACMC's existing operations.

December 1, 1987 DOGM letter to ACMC as a follow-up to November 20th meeting. Detailed changes in law (DOE's and new SMO's) and filing requirements. Outlined the operator was in direct violation of Mined Land Reclamation Act for Yellow Hammer site as no approved permit application was issued to date. Gave deadline of January 30, 1988 to submit a complete NOI, Form MR-LMO, or Show Cause Order to be issued.

December 4, 1987 DOGM transmits 1987 Annual Report Form to ACMC for the Yellow Hammer mine. *January 30, 1988 deadline given for receipt. DOGM never received the completed form from ACMC.

February 11, 1988 Memo to file, outlining February 10, 1988 phone conversation with ACMC (Bill Moeller). Call was follow-up to DOGM December 1, 1987 letter and failure of ACMC to respond to same. Mr. Moeller stated he never received the letter.

February 11, 1988 Revised certified letter sent to ACMC outlining same information as detailed in December 1, 1987 letter to ACMC.

April 7, 1988 DOGM inspection memo to file outlining details of March 23, 1988 inspection of Yellow Hammer mine site and associated company properties. Discussed reclamation requirements for present status of operations. DOGM agreed to prepare and forward a map with reclamation recommendations to Mr. Moeller for his use in preparing a reclamation plan for the site.

April 19, 1988 DOGM certified letter to ACMC transmitting a disturbed area map and a "nearly completed" MR-MO form for the Yellow Hammer mine site. Requested operator fill in the information which DOGM could not address.

May 19, 1988 Supplemental permitting information received by DOGM for inclusion into NOI application.

June 14, 1988 DOGM issued tentative approval letter to ACMC for Yellow Hammer mine and published notice in local

newspapers on same.

? August 24, 1988 Letter to ACMC notifying them DOGM ready to proceed with final approval upon receipt of bond.

December 9, 1988 Certified letter to ACMC informing operator that DOGM still waiting on submittal of \$16,000 reclamation surety. A 30-day time frame for receipt of surety given. Order to Show Cause to be issued if not received. Asked for notification of any extenuating circumstances that would not prevent the operator from meeting this deadline.

February 3, 1989 ACMC letter to DOGM transmitting completed 1988 Annual Report. Request for delay in posting reclamation surety until a revised cadastral survey is completed. Monies are tied up with title company until new survey is completed. A recent BLM 22-ft shift in patented claims boundaries in the Clifton Mining District is apparently the reason for the new survey.

February 28, 1989 DOGM contacts ACMC by phone regarding status of the cadastral survey. Informed that the survey was underway again, but not sure when it would be completed. DOGM to be contacted by Mr. Moeller within the week regarding same.

March 27, 1989 DOGM contacts ACMC by phone requesting information on status of ongoing cadastral survey and when reclamation surety will be submitted to DOGM for Yellow Hammer site. Informed survey should be completed within next week or two, weather dependent. Monies tied up with Title Insurance Company until survey is completed.

March 31, 1989 DOGM returns call to ACMC. Operator requests meeting to discuss permitting requirements for a large scale mining and heap leach facility proposed for the Clifton area.

April 7, 1989 Meeting held in DOGM offices with BWPC and ACMC regarding permitting requirements for a proposed large scale mining and heap leach operation in the Clifton Flats area near the existing Herat Small Mining operation.

May 2, 1989 DOGM contacts ACMC office to again confirm status of

ongoing cadastral survey. Mr. Moeller was out, left message to return call.

June 6, 1989

DOGM again contacts ACMC office regarding status of survey and surety. Left message to have Mr. Moeller return call.

June 22, 1989

DOGM notified by BLM that ACMC has conducted an exploration project in the Clifton Mining District. Disturbances on federal and privately held lands. Disturbance is in excess of 5 acres and no NOI was filed with either regulatory agency prior to completing the exploration activities.

July 5, 1989

DOGM conducts joint field inspection with BLM of ACMC's recent exploration-related disturbances. Mr. Moeller and Ernie Chandler of ACMC accompanied DOGM/BLM personnel on inspection. Mr. Moeller indicated cadastral survey still not completed. Donald Allan, of Pleasant Grove, Utah is surveyor performing same.

August 3, 1989

Certified letter to ACMC indicating operator in direct violation of Mine Land Reclamation Act for failure to submit required reclamation surety for Yellow Hammer mine. Again 30 days given to provide required surety or Tentative Approval would be revoked and immediate reclamation would be required by the operator. Civil penalties may also be levied for failure to comply with the order.

Also acknowledged receipt of Exploration NOI for the recent unpermitted activity conducted by ACMC in Clifton area. Pending completion of DOGM review, a separate reclamation surety may also be required for the new disturbance.

August 8, 1989

ACMC contacts DOGM Director requesting copy of statutory authority to regulation mining operations on privately held land.

August 14, 1989

DOGM letter to ACMC transmitting copy of Mined Land Reclamation Act relative to States authority to require reclamation plans on all lands with the State. Advised of right to appeal Division's August 3, 1989 order to reclaim before Board of Oil, Gas and Mining.

- September 13, 1989 Meeting held in DOGM office with ACMC and legal counsel regarding ACMC's reclamation and surety requirements for Yellow Hammer mine and recent exploration activities conducted in Clifton Mining District.
- September 14, 1989 Letter from ACMC's legal counsel as a follow-up to September 13th meeting with DOGM staff. Requested that DOGM calculate the total reclamation surety amount for Yellow Hammer and Clifton exploration project. Propose posting ACMC stock as form of reclamation surety.
- September 26, 1989 DOGM certified letter to ACMC in response to the September 14th letter from ACMC's attorney. Letter outlined Division's position on proposed form of reclamation surety and detailed the information still required from ACMC regarding Clifton Exploration Project. Informed that an accurate reclamation surety estimate could not be calculated by DOGM until we received previously requested information from ACMC. ACMC was given until October 13, 1989 to post the \$16,000 Yellow Hammer reclamation surety.
- October 3, 1989 DOGM certified letter to ACMC informing the operator that the Board of Oil, Gas and Mining will be forwarding an Order to Show Cause under separate cover for ACMC to appear before the Board at it's October 26, 1989 hearing. If the \$16,000 surety is posted on or before October 13, 1989, the Board will consider withdrawal of the Order to Show Cause.

MR Form 4
(Revised 1982)

File No. _____

Date: _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES AND ENERGY
DIVISION OF OIL, GAS AND MINING
4241 State Office Building
Salt Lake City, Utah 84114

DECLARATION OF EXEMPTION

(See Mined Land Reclamation Act 40-8-4[6].)

JIM

JUN 25 1983

As provided for in Section 40-8-4, UCA 1953, I hereby declare an exemption from the "Utah Mined Land Reclamation Act," in that less than 500 tons of material is being mined or less than two (2) acres of land is being excavated or used as a disposal site during a period of twelve (12) consecutive months, from the following designated claims, leases or fee acreage.

| NAME OF CLAIM, LEASE OR FEE ACREAGE | LOCATION | | | |
|-------------------------------------|---|----------|-------|--------|
| | 1/4, 1/4 SECTION | TOWNSHIP | RANGE | COUNTY |
| YELLOW HAMMER 4382 | SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ 24 | 8S | 18W | Tooele |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |

Commodity: Copper, Gold, Silver, Tungsten

Date: June 15, 1983

Signature: _____

William D. Moeller
William D. Moeller

OPERATOR: American Consolidated Mining Co

ADDRESS: 445 East 2nd South Salt Lake City, Utah 84111


TELEPHONE: Suite 311
531-9864

*This form needs to be filed one time only. In the event more than the minimum size requirements are to be mined, a Notice of Intention to Commence Mining Operations and Mining and Reclamation Plan (MR Form 1) will need to be filed with this office, at least 90 days prior to the anticipated expansion.

EXHIBIT 3

DOE/045/026

November 7, 1985

TO: Lowell P. Braxton, Administrator
THRU: D. Wayne Hedberg, Permit Supervisor
FROM: Thomas J. Suchoski, Geologist 
RE: American Consolidated Mining, Gold Hill Operations, Tooele County, Utah

On September 24, 1985, Tom Suchoski of the Division staff visited the American Consolidated Mining Company's operations in the Gold Hill area of Tooele County, Utah. The inspection was based upon location information provided in the Declaration of Exemption and ACT filings with the Division of Oil, Gas and Mining.

Three sites were found during the inspection of the American Consolidated properties. First, in section 1, Township 8 S, Range 18 W a small DOE was located. This site consists of a less than two acre disturbance with two adits, a spoil pile, and a roughly graded pad and access road. The site is bisected by an ephemeral stream channel which has been encroached upon by the pad. The site is posted with proof of labor certificates for American Consolidated Mining in 1984 and Steven J. Haslam for 1985. The area surrounding the site is disturbed by old adits and spoil piles which are most probably pre-act. Two photographs were taken of the site.

The second site visited was the American Consolidated Mining mill facility just west of the town of Gold Hill in Section 35, Township 7 South, Range 18 West. It is located off the access road to Cain Spring and consists of a crusher, mill separating facility, and a series of three tailings ponds. The operation does not appear to have been active within the last year. There is much debris and trash that should be cleaned up. If the site is not to be used it should be reclaimed or at least put on temporary suspension.

Cain Spring is located approximately 1/2 mile up the canyon from the mill site. The spring site consists of a 10,000 gallon water tank and a water line that apparently flows down to the Gold Hill area or possibly to the mill site. There appears to be some structures for cattle watering and the capability of filling a water

truck at the the site. At one point in time there was a culvert that crossed the creek to the facilities. The culvert has been washed out and is no longer in place. The facilities are still in operation and there is a small discharge from a hose connected to the top of the tank. Presently that discharge consists of approximately 1/2 gallon a minute. One photograph of the facility was taken.

In section 24 of Township 8 South, Range 18 West, a third operation was found. The claim marker posted indicated that the claimers were in the name of Steven J. Haslam. These are the same claims which were identified earlier in section 1. Previously, this operation was posted by American Consolidated Mining. These were filed the same date as the ones in section 1.

The shop facilities area consists of a small semi-trailer, a large diesel tank, and a generator of indeterminate size. The operation itself is a pit on the far north side of the hill. A Mr. Don Sullivan is the supervisor for the operation. He was in Salt Lake during the site visit. Discussion with the field personnel indicate that they were under the impression that all of the paper work had been taken care of. I left them my card and ask them to have Mr. Sullivan contact me when he returns. In turn, they gave me Mr. Sullivan's address and phone number, so that if he didn't get back to me I could contact him.

The field personnel indicated that this was Arnes America Incorporated, Yellowhammer Pit. Present disturbance of the pit consists of approximately three and half to four acres. Activities at the site were ongoing. Equipment at the site consisted of two 77C loaders, one D-8 Cat, and one rock drill. There is a crusher facility and lamps for night work along with a Spiro compressor. A panoramic set of pictures of all facilities and equipment was taken. They are presently hauling ore out to a mill in Nevada, the field personnel could not tell me which mill or where. It is recommended that this operation be addressed for additional consideration as to acquiring a permit and complied with.

In the old town site of Clifton Section 25, Township 8 South, Range 18 West, another American Consolidated property was found. This one also had the name of Steven J. Haslam posted on 1985 claim sheets. The facilities consisted of a leach pad and two collection ponds, a storage house and a semi-trailer that probably serves a shop facility, within a fenced enclosure. Outside of the fenced enclosure is a house trailer that is apparently used.

Page 3
American Consolidated
November 7, 1985

seasonally for rooming. The site does not look like it was long abandoned. No one was presently working at the site, however, in looking down the drainage there were several bits of debris and trash that had either rolled or washed into the drainage from the site (a fifty five gallon drum and assorted paraphernalia). Also, there is an oil spill, from the maintenance yard by the semi-trailer, that flows outside of the enclosure and across the road. It does not yet infringe upon the drainage. Photographs were taken of the debris in the stream channel, the spill across the road, and the facilities associated with the site.

These sites correspond with several previously visited by Sue Linner, Tom Tetting, Wayne Hedberg and Dave Hooper in October of 1984. It is my recommendation that Mr. Bill Mouller and Mr. Don Sullivan be contacted by the Division and that they be requested to provide the Division with a report of the status of all operations. Mr. Mouller should describe all operations that are currently under the control of American Consolidated Mining and Mr. Sullivan provide the description of the status of all operations associated with Arnes American Incorporated. The information regarding the status of these operations should include: a map showing the current facilities that American Consolidated or Arnes America consider as required for future operation, a description of the future intent of each company regarding the properties, and a demonstration of the methods by which each company will comply with the Utah Mined Land Reclamation Act. This information should be reviewed by the Division and the operations permitted.

jvb
cc: John Whitehead
0150R-91



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

EXHIBIT 4

Mine F.b
DOE/045/026
Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

July 28, 1986

TO: Lowell P. Braxton, Administrator
FROM: Richard V. Smith, Geologist RVS
RE: Field Inspection of American Consolidated Mining Company
Operations near Gold Hill and Clifton, Tooele County.

FILE SUMMARY

American Consolidated Mining Company (ACM) is listed as the operator for ACT/045/019 and DOE/045/026. File ACT/045/019 contains a MR-1 form that was received June 14, 1983. The MR-1 form was reviewed and a deficiency document was forwarded to the ACM on August 15, 1983. ACM has not responded to the deficiency document. Neither the MR-1 form or other documents explicitly identify the property to be encompassed by ACT/045/019.

File DOE/045/026 contains a MR-4 form that was received June 17, 1983 for the Yellow Hammer Claim located in SE 1/4 SE 1/4 NW 1/4 Section 24, T8S, R18W.

In addition, both DOE/045/026 and ACT/045/019 contain Bureau of Water Pollution Control approval letters for a test cyanide heap leach located in the NW 1/4 NW 1/4, Section 25, T8S, R18W. The approval letter includes the following conditions:

1. The test heap operation will be in service for approximately one year.
2. Following the termination of testing, all structures will be removed and the area reclaimed.

ACM operations in the Gold Hill/Clifton area have been field inspected by Division staff as listed below.

ACT/045/019

July 6, 1983
Sept. 6, 1985
Sept. 24, 1985

DOE/045/026

July 6, 1983
Dec. 11, 1984
Sept. 24, 1985

page 2
Lowell Braxton
ACT/045/019 and DOE 045/026
July 28, 1986

Photographs from July 1983, December 1984 and September 1985 sequentially document ACM disturbance and operations at the Gold Hill Mill, Yellow Hammer Mine, Clifton Heap Leach site, and SW 1/4 Section 1, T8S, R18W.

FIELD INSPECTION July 17, 1986

The field inspection encompassed the following:

1. Gold Hill Mill Site - no new disturbance or activity was apparent. The site remains as potentially hazardous for toxic chemical contamination (see Field Inspection Memorandum dated September 6, 1985).
2. SW 1/4, Section 1, T8S, R18W - Site disturbance appears as photographed in September 1985.
3. SW 1/4, Section 12, T8S, R18W - Old mine tailings and portal approximately 1/2 mile east of Gold Hill Wash appears to be recently disturbed by backhoe and bulldozer. An open pit approximately 15 feet x 30 feet containing an unknown depth of water has been developed into the former mine pad. Portal areas have been excavated to create a 40-foot highwall. Claim ownership was not posted.
4. Yellow Hammer Mine - Surface disturbance estimated to encompass 10 acres. Equipment and facilities present on the site include:
 - (a) Front end loader with three cubic yard bucket;
 - (b) Four trailers;
 - (c) Operation shed; and
 - (d) Large fuel truck.

The pit highwall is approximately 150 feet long and 30 feet high. A shaft approximately 4 feet in diameter and unknown depth had been uncovered. The property was not posted and fencing/warning signs were not located above the highwall or around the shaft.

page 3
Lowell Braxton
ACT/045/019 and DOE 045/026
July 28, 1986

5. Clifton Heap Leach Site - Site appears as photographed in September 1985 and November 1984. Only the white and gray trailers have been removed. The leach ponds contain a dark brown fluid. The leach pond linings are beginning to deteriorate and incompletely cover the pond freeboard. Assorted PVC pipe and trash have rolled into an adjacent drainage. The site appears to have been abandoned (see Memorandum dated November 7, 1985).

CONCLUSIONS

1. ACM is or has operated on at least four separate properties in the Gold Hill/Clifton area. These four areas appear to incorporate two properties that would fall within the declaration of small area exemption (Clifton Heap Leach and SW 1/4, Section 1, T8S, R18W) and two properties that would not (Gold Hill Mill and Yellow Hammer Mine).
2. ACM has not responded to the Division's review (dated August 5, 1983) of its MR-1 form.
3. ACM has not met the conditions of the Bureau of Water Pollution Control's approval letter for the Clifton Heap Leach.
4. The Division has received citizen complaints about the activities of ACM (see Memorandum to File dated December 13, 1984) and the operator has not received Division approval for mining activities in the Gold Hill/Clifton area.

RECOMMENDATIONS

1. The Division should contact the Bureau of Water Pollution Control and inform them of the status of the Clifton Heap Leach Site.

page 4
Lowell Braxton
ACT/045/019 and DOE 045/026
July 28, 1986

2. The Division should contact ACM and request them to provide, within 30 days, a report of the status and location of all operations. The Division should note that the Yellow Hammer and Gold Hill Mill properties exceed the DOE limits and require separate MR-1 forms. The Clifton Heap Leach and unnamed site in SW 1/4, Section 1, T8S, R18W, requires separate MR-4 form submittals. Moreover, all other properties disturbed by ACM will require either a MR-1 form or a MR-4 form submittal.

RUS disc further w/ LMB 7-31:
OT Bur Water Poll will contact
opr & → "NOV" DOG to support
Bur Water Pollution if required.

djh
cc: Pamela Grubaugh-Littig
John Whitehead
9206R/29-31



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

EXHIBIT 5

File

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

February 11, 1988

CERTIFIED RETURN RECEIPT REQUEST
(P 001 717 581)

Mr. William Moeller
American Consolidated Mining Company
405 South, 100 East
Pleasant Grove, Utah 80462

Dear Mr. Moeller:

Re: Permitting Requirements, American Consolidated Mining Operations
in the Vicinity of Gold Hill, M/045/019, Tooele County, Utah

Thank you for your cooperation during our meeting of November 20, 1987. As I indicated at that time, this letter will serve to summarize the Division's current regulations, as well as our position on specific permitting issues concerning your operations.

Several important changes to the Utah Mined Land Reclamation Act have been implemented during the 1985 and 1986 legislative sessions. Perhaps the most important of these changes from American Consolidated's viewpoint is the repeal of the Declaration of Exemption status found in the original version of the Act. Previously, those operation which disturbed less than two (2) acres of land or moved less than 500 hundred tons of material in a period of twelve consecutive months were also exempted from the mining regulations.

Currently, mining operations within the state are split into two categories: those disturbing five (5) or less surface acres at any given time (small mines), and those which disturb more than five (5) acres (large mines).

The filing requirement for small mines is a simple "Notice of Intention to Commence Small Mining Operations" (Form MR-LMO). The form requests standard items such as name, address and phone number of the operator; name and location of the mine; mineral and surface owners; a brief description of the operation; and a suitable location map. Approval of a notice of intention is not required prior to the commencement of mining operations.

Page 2
Mr. William Moeller
February 11, 1988

Additionally, a reclamation bond is not required for small mining operations, although the operator must sign an agreement to mine and reclaim in accordance with the Act and accompanying rules and regulations.

The permitting of a large mining operation within the state requires submission of a detailed Notice of Intention to Commence Large Mining Operations (Form MR-LMO), essentially a full-blown mining and reclamation plan. Approval is required prior to commencing operations and a reclamation surety must be provided to the Division.

Yellow Hammer Mine, M/045/019

As the Division has indicated in past correspondence, American Consolidated continues to be in direct violation of the Mined Land Reclamation Act of 1975. In order to achieve compliance with the Act, an approved Notice of Intention to Commence Large Mining Operations must be obtained from the Division at the earliest date possible.

During our discussion, you indicated that the current plans for this site have changed from open pit to underground methods and that you anticipated constructing a headframe and associated facilities in the near future. An approved Notice of Intention must be obtained prior to commencement of such activities.

Regardless of future plans at the Yellow Hammer site, the notice must include a description and map of the area already disturbed by open pit mining at the site, along with a plan of operations for the reclamation of those areas. In this regard, I recommend that you identify those areas where mining ceased prior to July 1, 1977. Such lands are grandfathered by the Act and American Consolidated will not be held responsible for their reclamation.

Please be advised that failure to submit a complete Notice of Intention to Commence Large Mining Operations (Form MR-LMO) by April 15, 1988, will result in an order to show cause before the Board of Oil, Gas and Mining to answer why all operations should not be required to cease and undergo reclamation of disturbed areas. If you are unable to meet this deadline for some reason, written justification must be provided to the Division before the above referenced date.

Rocking Chair Claims and Smelter Tunnel Mine

Please submit a completed Notice of Intention to Commence Small Mining Operations for the above referenced sites, as well as any other areas where small mining operations are being conducted by your company, before March 15, 1988.

Page 3
Mr. William Moeller
February 11, 1988

Clifton Heap Leach

When this site was active, it qualified as exempt from the Act. Therefore, as long as the site remains inactive, the Division has no further requirements.

The Division is anxious to assist you in resolving these permitting issues. Should you have any questions or concerns, please call me at 538-5340.

Sincerely,



David M. Wham
Reclamation Hydrologist

dw
cc: L. Braxton
F. Filas
0851R-91



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

EXHIBIT 6

Minerals
Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

June 14, 1988

Mr. William Moeller
Chairman
American Consolidated Mining Company
404 South 100 East, Suite 201
Pleasant Grove, Utah 84062

Dear Mr. Moeller:

Re: Tentative Approval, Notice of Intention to Commence Large Mining Operations, Yellow Hammer Mine, M/045/019, Tooele County, Utah.

The Division has completed its review of your May 19 and 27, 1988 submittals for the above referenced mining operation. The revised mine and reclamation plan for the Yellow Hammer Mine is hereby tentatively approved. The Division is now ready to begin finalization of the permit application. We will have the Notice of Tentative Approval (copy enclosed) published in a local newspaper after which there is a 30-day public comment period.

Final approval will be granted providing no adverse comments are received and the Board of Oil, Gas, and Mining concurs that the surety bond is sufficient.

Please contact Holland Shepherd or me should you have any further questions concerning this document or the pending final approval.

Sincerely,

A handwritten signature in cursive script, reading "Lowell P. Braxton".

Lowell P. Braxton
Administrator
Mineral Resource Development
and Reclamation Program

clj
Enclosure
cc: C. Deitz, Water Pollution Control
F. Filas
W. Hedberg
H. Shepherd
0817Q/27

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH

---ooOoo---

| | | |
|----------------------------|---|---------------------|
| IN THE MATTER OF TENTATIVE | : | NOTICE OF TENTATIVE |
| APPROVAL OF THE MINING AND | : | APPROVAL |
| RECLAMATION PLAN SUBMITTED | : | NO. M/045/019 |
| BY AMERICAN CONSOLIDATED | : | |
| MINING COMPANY, TOOELE | : | |
| COUNTY, UTAH | : | |

---ooOoo---

THE STATE OF UTAH TO ALL OPERATORS, TAKERS OF PRODUCTION, MINERAL AND ROYALTY OWNERS, AND PARTICULARLY ALL PERSONS INTERESTED IN SECTION 24, TOWNSHIP 8 SOUTH, RANGE 18 WEST, SLBM, TOOELE COUNTY, UTAH.

Notice is hereby given that tentative approval was given by the Division of Oil, Gas and Mining, on June 13, 1988, to American Consolidated Mining Company to continue surface mining operations in Section 24, Township 8 South, Range 18 West Tooele County, Utah.

The name of the mining operation is Yellow Hammer Mine, and the person representing the company is William Moeller, 405 South 100 East, Suite 201, Pleasant Grove, Utah 84062, (801) 785-7536.

American Consolidated Mining Company has fulfilled obligations under the Utah Mined Land Reclamation Act of 1975 (Section 40-8, UCA, 1953, as amended) with specific reference to Section 40-8-13 and will employ the following mining and reclamation techniques on approximately nine acres of private land.

During Operations

Several different metals will be mined at the Yellow Hammer site including gold, silver, copper, and tungsten. The mine will be operated as an open pit. Mining will be performed by drilling, blasting, and loading of ore and overburden material. Overburden will be stockpiled onsite and ore will be shipped offsite for processing.

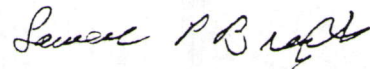
Following Operations

The site will be regraded to contours equal to or less than 2H/1V. The pit highwall will be reduced to 45 degrees or less by blasting and grading. The regraded material will be mulched and reseeded. The intended postmine landuse is intended for livestock grazing or wildlife habitat.

Any person or agency aggrieved by this tentative decision is hereby requested to submit written protest within thirty (30) days of the date of publication to the Division of Oil, Gas and Mining, 355 West North Temple, 3 Triad Center, Suite 350, Salt Lake City, Utah 84180-1203, setting forth factual reasons for his or her complaint, and thereafter, at a time and place to be established, appear before the Board of Oil, Gas and Mining to show cause, if any, why this mine plan should not be approved.

DATED this 14th day of June 1988.

STATE OF UTAH
DIVISION OF OIL, GAS AND MINING



Lowell P. Braxton
Administrator
Mineral Resource Development
and Reclamation Program

0817Q/53-54



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

EXHIBIT 7

Norman H. Bangert
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

December 9, 1988

CERTIFIED RETURN RECEIPT
P 001 717 770

Mr. William Moeller
American Consolidated Mining
405 South 100 East
Pleasant Grove, Utah 84062

Dear Mr. Moeller:

Re: Bond Requirement, Yellow Hammer Mine, M/045/019, Tooele County, Utah

The Division is still waiting for American Consolidated Mining to post bond for the Yellow Hammer Mine site. According to our records we notified you, in a letter dated August 24, 1988, that the Division was ready to proceed with the final approval of your permit. This cannot be done without your posting bond for \$16,000.

Without final approval you are in violation of Utah's Mined Land Reclamation Act. Please be advised, that failure to submit a bond to this Division within 30 days of your receipt of this letter, will result in an Order to Show Cause before the Board of Oil, Gas and Mining.

If there are extenuating circumstances, whereby you will be unable to meet this deadline please advise us, and we will be happy to work with you; on an acceptable timeframe for submittal of the bond.

Sincerely,

Lowell P. Braxton
Administrator
Minerals Resource Development
and Reclamation Program

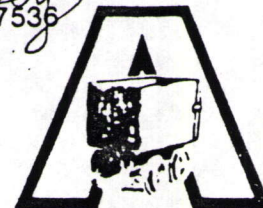
jb
cc: W. Hedberg
H. Shepherd
MN5/50

405 South 100 East, Suite One, Pleasant Grove, Utah 84062

Mine 1-1-1
cc Hedberg
Phone: (801) 785-7536

EXHIBIT 8

DOGM
MINERALS PROGRAM
FILE COPY



AMERICAN
CONSOLIDATED
MINING CO.

February 14, 1989

Mr. Lowell P. Braxton, Administrator
Minerals Resource Development &
Reclamation Program
State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
FEB 16 1989

DIVISION OF
OIL, GAS & MINING

Dear Mr. Braxton,

Re: Bond Requirement, Yellow Hammer Mine, M/045/019, Tooele County, Utah.

We apologize for the delay in posting the required bond. As I mentioned to you on the telephone recently, American Consolidated has a limited amount of funds at the present time. However, we have made arrangements for a substantial amount of development funds which are conditional on our having an up-dated title insurance policy. We have applied for the necessary policy with Alanco Title Company out of Phoenix, Arizona. The policy has been approved subject to a new survey. This new survey is currently underway. The survey is necessary because of the BLM 22-ft shift in patented claims in the Clifton Mining District.

As soon as the weather allows the completion of the survey, the title company will be notified and the policy will be issued. At that time, our funds will be released. Shortly thereafter we will post a cash bond for the agreed \$16,000 with your office.

Thanks to you and your staff for the considerable effort you have extended in our behalf.

Sincerely,

AMERICAN CONSOLIDATED MINING COMPANY

Bill Moeller

William D. Moeller
Chairman & C.E.O.

cc: W. Hedberg
H. Shepherd



Norman H. Bangerter
Governor
Dee C. Hansen
Executive Director
Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

EXHIBIT 9

DOGM
MINERALS PROGRAM
FILE COPY

August 3, 1989

CERTIFIED RETURN RECEIPT REQUESTED
P 075 063 179

Mr. William D. Moeller
Chief Executive Officer
American Consolidated Mining Company
405 South 100 East, Suite One
Pleasant Grove, Utah 84062

Dear Mr. Moeller:

Re: Notice of Violation of the Mined Land Reclamation Act, Yellow Hammer Mine,
M/045/019, Tooele County, Utah

This letter is to inform you that because of your failure to complete your Notice of Intention on the Yellow Hammer Mine by failing to post a bond for reclamation, American Consolidated is in violation of the Mined Land Reclamation Act. This letter notifies you that if the bond is not posted with the Division of Oil, Gas and Mining within 30 days of your receipt of this letter, the Tentative Approval of your Notice of Intention (NOI) will be withdrawn, and you will be required by law to immediately begin reclamation of the Yellow Hammer site. You are also hereby on notice that if you fail to file a bond or immediately commence reclamation, you may be liable for civil penalties in the amount of up to \$10,000 per day, calculated from the beginning of the violations.

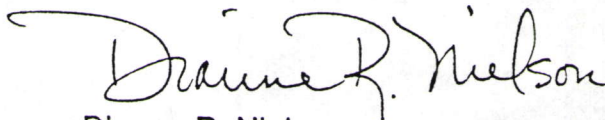
The Division has made efforts in the past to work with you on this problem. Because of your apparent lack of a good faith effort, you are now required to cease all mining and either post a bond, or begin immediate reclamation. Please contact the Division at the earliest possible date to inform us of your intended actions.

The Division has received your July 26, 1989, exploration application for American Consolidated's recent unpermitted activities in the Clifton Mining District. The review of this NOI application will be coordinated with the Bureau of Land Management. If the surface disturbances associated with the exploration project exceeds 5 acres, you will be required to post a reclamation surety for those disturbances as well. If you are not prompt in your actions on this issue, these areas will also be in violation of the Mined Land Reclamation Act, will require immediate reclamation, and may begin to accrue civil penalties.

Page 2
William D. Moeller
M/045/019
August 1, 1989

Your immediate attention to these matters is encouraged.

Sincerely,

A handwritten signature in cursive script that reads "Dianne R. Nielson". The signature is written in dark ink and is positioned above the printed name and title.

Dianne R. Nielson
Director

cc: Steve Brooks, BLM, Pony Express RA
B.W. Roberts, Asst. Attorney General
Lowell Braxton, DOGM
Wayne Hedberg, DOGM
MN3/57-58

EXHIBIT 10
ROBINSON, SEILER & GLAZIER

Attorneys and Counselors at Law
Mark F. Robinson
Thomas W. Seiler
David L. Glazier
Marilyn Moody Brown
Mark K. Stringer
Of Counsel
Claude E. Zobell

September 14, 1989

Division of Oil, Gas and Mining
Department of Natural Resources
State of Utah
355 West North Temple
Three Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RE: Yellow Hammer Mine and Clifton Mining Area Cases
M/045/019, Tooele County, Utah
Memorandum of Meeting and Understanding

Dear Scott:

The purpose of this letter is to memorialize our meeting the other day and to respond to the message you left in my office with regard to the posting of a surety on the above-referenced matter.

It is my understanding from the meeting that you were going to discuss this matter with Lowell Braxton and to get approval for allowing American Consolidated to post a surety, in some form other than cash acceptable to both the division and to the stockholders of American Consolidated. In conjunction with this, it is my understanding you were going to review the Clifton Mining Area where we were doing the drilling to determine the scope and dollar amount of reclamation that you suggest for that area as well; treating both mining sites as one operation. Further it is my understanding you were going to try to get that done by the end of the week and get back to me possibly as early as Monday with a dollar figure. Obviously, until that is done, we will not know the total amount of the surety required and therefore will not be able to decide on what form the surety might be able to take.

You will recall at my meeting that I suggested that the surety might take the form of stock in American Consolidated Mining Company, Inc. American is a public corporation which has been trading for a number of years and has maintained an average value of approximately fifteen cents a share during at least the past six-months.

M/045/019
E/045/052
RECEIVED
SEP 16 1989

OIL, GAS AND MINING
DOGMA
MINERALS PROGRAM
FILE COPY



Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

EXHIBIT 11

DOGM
MINERALS PROGRAM
FILE COPY

September 26, 1989

CERTIFIED RETURN RECEIPT REQUESTED
P 075 063 208

Mr. William D. Moeller
Chief Executive Officer
American Consolidated Mining Company
405 South 100 East, Suite One
Pleasant Grove, Utah 84062

Dear Mr. Moeller:

Re: Posting of Reclamation Surety for American Consolidated Mining Company,
Yellow Hammer Mine, M/045/019 & Clifton Exploration Project, E/045/052, Tooele
County, Utah

This letter is provided in response to a letter received September 16, 1989 from Mr. Mark K. Stringer. Mr. Stringer met with Scott Johnson and Marjie Anderson, of this office, on September 13, 1989. The meeting was held to discuss the procedures for filing a formal protest before the Board of Oil, Gas & Mining. The outstanding bonding concerns associated with American Consolidated's Yellow Hammer Mine and the Clifton Exploration Project were also discussed.

In his letter, Mr. Stringer outlined his understanding of the discussions held at the meeting. The following will clarify the Division's position and response to Mr. Stringer's letter.

1. The Division will require a separate reclamation surety estimate for the Yellow Hammer Mine and the Clifton Exploration Project. A reclamation estimate has already been prepared for the Yellow Hammer Mine (\$16,000). A reclamation surety estimate has not been prepared for the Clifton Exploration Project. We cannot treat both of these sites as one operation. These are entirely separate permitting issues. However, we do not object to the operator posting one surety to cover both projects.
2. Mr. Stringer asked that Mr. Johnson review the Clifton Exploration Project details and calculate a reclamation surety estimate for the project. Mr. Johnson indicated he could prepare a reclamation estimate provided there was adequate basic information in the permit application for the project. The application does not contain sufficient detailed information to enable the Division to prepare an accurate reclamation surety estimate.

On July 26, 1989, you hand delivered the original Notice of Intent for the Clifton Exploration Project to the Division. You were informed at that time that more detail would be required regarding the actual surface disturbance created on the patented lands. The maps provided, identifying the drill site locations and access roads, were not sufficient to determine the actual disturbed acreage. You were asked to provide a map similar to that prepared for the exploration work conducted on the adjacent BLM managed lands. You indicated you would contact the project geologist and provide the Division with an updated map as soon as possible.

On August 9, 1989, the Division sent you a certified letter with our formal review of your Clifton Exploration Project application. The application was determined incomplete. Supplemental information was requested regarding the affected acreage for the exploration project and a reclamation surety estimate. An August 21, 1989 deadline was established for receipt of the supplemental information. We are still awaiting the requested information.

The Division requests an updated topographic map which clearly identifies all disturbances created as part of the Clifton Exploration Project (see August 9th letter). If this information cannot be provided, then the Division will calculate a reclamation surety estimate based upon our best estimate of the total surface disturbance associated with this project. It is likely that this will be a conservative estimate.

3. Your request to provide stock in American Consolidated Mining Company, Inc. as a form of reclamation surety is not acceptable. Pursuant to Rule R613-002-111 and R613-004-113, the following surety forms are acceptable to the Division and Board of Oil, Gas and Mining:

Corporate surety bond, Federally-insured certificate of deposit, Cash, Irrevocable letter of credit, and an Escrow account.

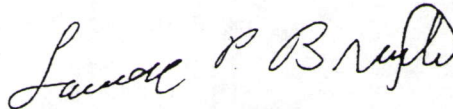
American Consolidated is hereby directed to post the \$16,000 reclamation surety for the Yellow Hammer Mine by October 13, 1989. If the surety is not received by this date, the Division will issue a formal Order to Show Cause to American Consolidated to appear before the Board of Oil, Gas and Mining. You are reminded that the August 3, 1989, Notice of Violation remains in effect regarding your possible liability for payment of civil penalties.

On September 11, 1989, the Division received notice of a BLM permitting decision. The decision conditionally approved American Consolidated's Plan of Operations for continued exploration development on public lands located in the Clifton Mining District (T8S, R17W, Sections 19 & 20). The Division acknowledges this approval, but has indicated that this area is only a part of the overall Clifton Exploration Project. We cannot issue our approval until we receive all of the requested information for the entire Clifton Project. This will include any additional reclamation surety that may be required for the patented land surface disturbances.

Page 3
William D. Moeller
M/045/019
September 26, 1989

Please contact the Division at the earliest possible date to inform us of your intended actions. Your immediate attention to these matters is encouraged.

Sincerely,

A handwritten signature in cursive script, reading "Lowell P. Braxton".

Lowell P. Braxton
Associate Director, Mining

jb
cc: Steve Brooks, BLM, Pony Express RA
Mark K. Stringer, Robison, Seiler & Glazier
Barbara Roberts, Asst. Attorney General
Dianne Nielson, DOGM
Wayne Hedberg, DOGM
MN3/83-85



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

EXHIBIT 12

Norman H. Bangert
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84160-1203
801-538-5340

October 3, 1989

CERTIFIED RETURN RECEIPT REQUESTED
No. P 075 063 263

Mr. William D. Moeller
Chief Executive Officer
American Consolidated Mining Company
405 South 100 East
Suite One
Pleasant Grove, Utah 84062

Dear Mr. Moeller:

Re: Reclamation Surety, Yellow Hammer Mine, M/045/019, Tooele County, Utah

On September 28, 1989, Division staff briefed the Board of Oil, Gas and Mining on communications between American Consolidated Mining Company and the Division concerning the August 3, 1989 letter from the Division with respect to establishment of an approved surety for the above-referenced mine. In that letter, the Division indicated that it would file a Petition for agency action on October 13, 1989 if an acceptable surety was not posted. However, the Board is now initiating its own action through an Order to Show Cause to be scheduled for its October 26, 1989 hearing.

I am writing to inform you that under separate cover, the Board is mailing an Order to Show Cause as to why mining operations at the Yellow Hammer Mine should not cease and reclamation commence immediately. This order will be before the Board at its October 26, 1989 hearing. If American Consolidated delivers to the Division, on or before October 13, 1989, the requisite \$16,000 surety in a form acceptable to the Board, the Board will consider withdrawal of the Order to Show Cause.

If you need additional information, please contact Lowell Braxton of this office.

Best regards,

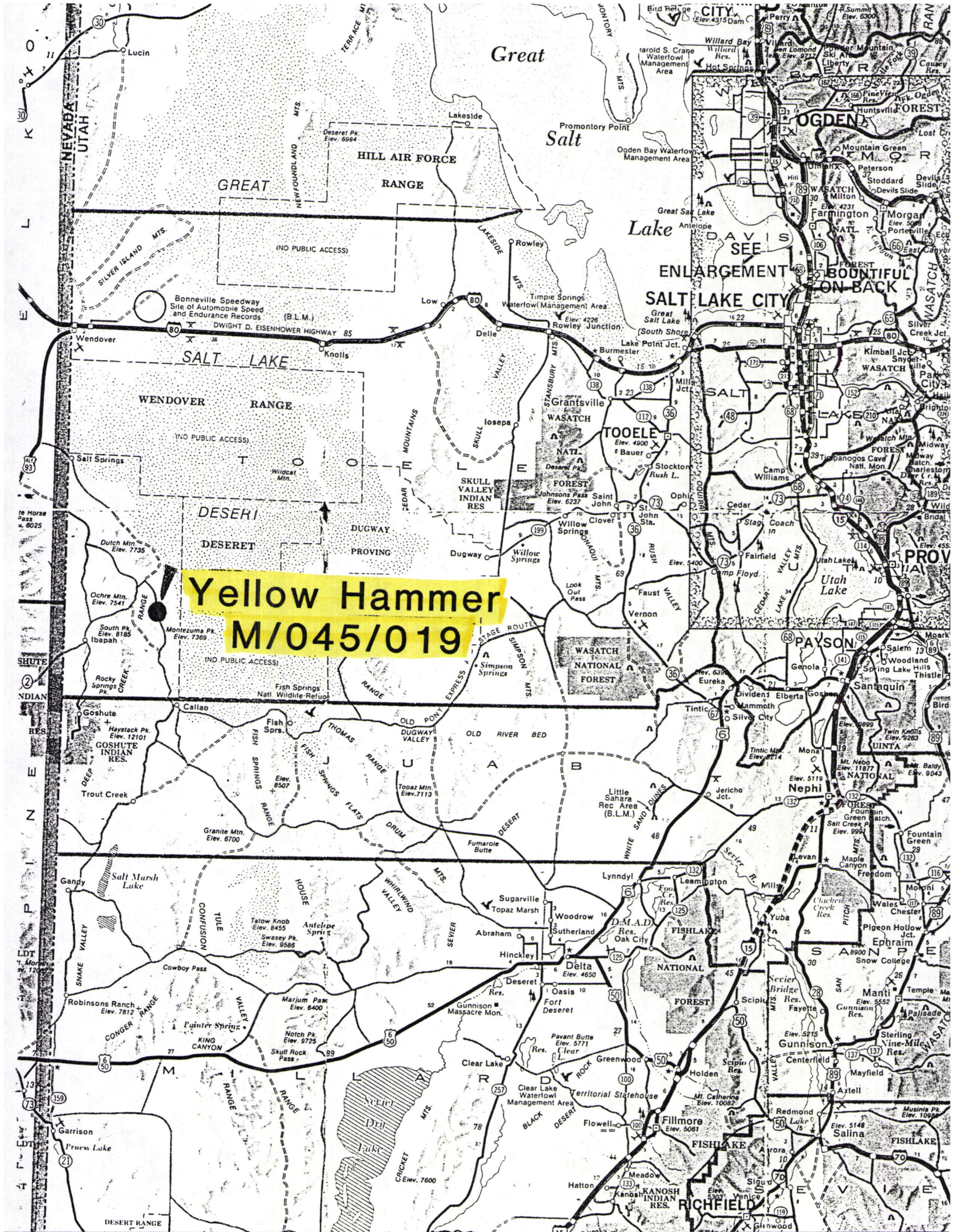
Dianne R. Nielson
Director

vb

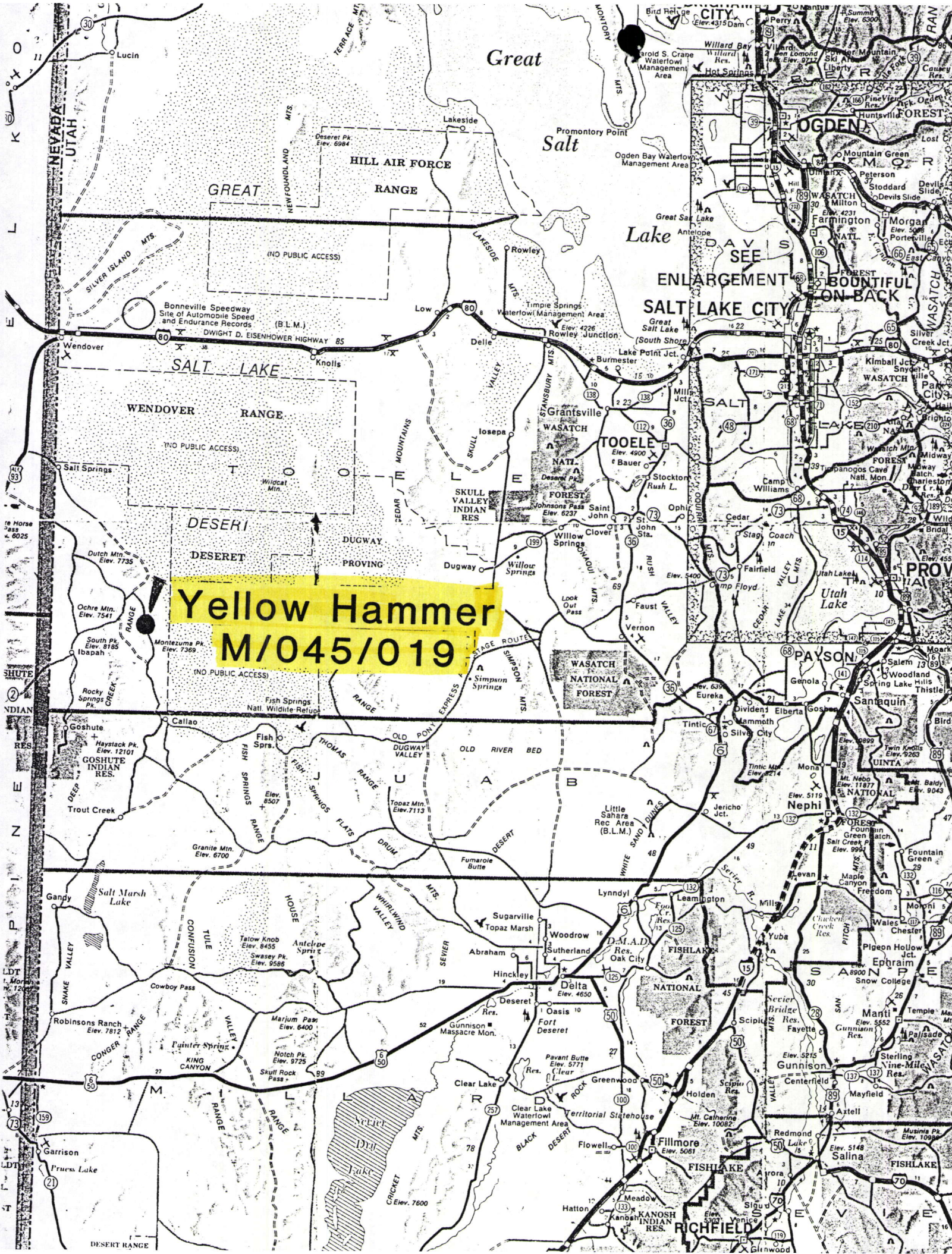
cc: Board of Oil, Gas & Mining
L. Braxton

MI78/35

Yellow Hammer
M/045/019



Yellow Hammer
M/045/019





Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

Mine File

December 18, 1989

Mr. William D. Moeller
Chief Executive Officer
American Consolidated Mining Company
405 South 100 East
Suite One
Pleasant Grove, Utah 84062

Dear Mr. Moeller:

Re: M/045/019, American Consolidated, Mining Company, Yellowhammer Mine,
Tooele County, Utah

This letter is to acknowledge the Division's receipt of your check dated December 7, 1989 in the amount of \$5,000 from American Consolidated Mining Company's Yellowhammer Mine, Tooele County, Utah. We anticipate receipt of the balance of the surety for this operation per the schedule established by the Board.

Sincerely,

A handwritten signature in cursive script that reads "Lowell P. Braxton".

Lowell P. Braxton
Associate Director, Mining

vb
MI78/74



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

DOGM
MINERALS PROGRAM
FILE COPY

December 28, 1989

Mr. William D. Moeller
Chief Executive Officer
American Consolidated Mining Company
405 South 100 East, Suite One
Pleasant Grove, Utah 84062

Dear Mr. Moeller:

Re: American Consolidated Mining Company, Yellow Hammer Mine, M/045/019,
Tooele County, Utah

This letter is to acknowledge the Division's receipt of American Consolidated Mining Company's check no. 1652, dated December 18, 1989 in the amount of \$11,600. This check represents a partial submission of the surety obligation for American Consolidated Mining Company's Yellow Hammer Mine, Tooele County, Utah.

When I have been notified that this check has cleared, the Division will establish, via the above referenced check plus \$5,000 received earlier this month, a Certificate of Deposit (CD) with a local bank in the amount of \$16,600. This CD is the amount required by the Division for reclamation surety at the Yellow Hammer Mine. When this CD is established and the requisite paper work has been appropriately completed, you will be notified that the Yellow Hammer Mine is in compliance with the permitting requirements of the Utah Mined Land Reclamation program. Interest from the CD will accrue to American Consolidated. I will notify you of the bank and account number of this reclamation surety after its establishment.

Sincerely,

Lowell P. Braxton
Associate Director, Mining

jb

cc: Steve Brooks, BLM, Pony Express RA
Barbara Roberts
Rod Thompson, Tooele Co.
Wayne Hedberg
Pam Grubaugh-Littig

MN1/85